

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2566 – SB 2630

March 20, 2012

SUMMARY OF AMENDMENT (014909): Moves the date by which a child must be five years of age to enter kindergarten or pre-kindergarten to on or before August 31 for the 2013-2014 school year and on or before August 15 for all subsequent school years.

FISCAL IMPACT OF ORIGINAL BILL:

Net Decrease State Expenditures - \$48,077,400/One-Time/FY13-14

Increase Local Expenditures - \$5,400/FY12-13 and Subsequent Years with the
exception of FY13-14

Net Decrease Local Expenditures - \$25,508,200/One-Time/FY13-14

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Decrease State Expenditures - \$21,226,600/One-Time/FY14-15
\$9,272,300/One-Time/FY15-16**

**Increase Local Expenditures - \$5,400/FY12-13 and Subsequent Years with the
exception of FY14-15 and FY15-16**

**Net Decrease Local Expenditures - \$11,259,100/One-Time/FY14-15
\$4,915,200/One-Time/FY15-16**

Assumptions applied to amendment:

- Statutory class size limits will remain in place.
- There will be a reduction in the number of students enrolling in kindergarten in FY13-14 whose birthdays are in September and again in FY14-15 for students whose birthdays are in the latter half of August.

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- The number of students entering kindergarten in the fall of the 2012-2013 school year will be unchanged.
- According to the Department of Education (DOE), there are 77,219 kindergarten students.
- DOE estimates that 6,435 ($77,219 / 12$) will be impacted in the 2013-2014 school year and an additional 3,218 ($6,435 / 2$) in the 2014-2015 school year.
- DOE estimates that five and eight tenths (5.8%) percent of the impacted students would have been held back in the absence of this bill.
- In the 2013-2014 school year, 6,062 [$6,435 - (6,435 \times 5.8\%)$] students will be impacted.
- In the 2014-2015 school year, 3,031 [$3,218 - (3,218 \times 5.8\%)$] students will be impacted.
- Since the BEP generates funding based on prior year enrollment, the fiscal impact from the one-time reduction in enrollment in FY13-14 and FY14-15 will not be realized until the following fiscal year.
- The BEP will generate \$6,037 per student with \$3,944 in state funding and \$2,093 in local BEP match.
- The exact number of students who will be found emotionally and academically mature, and therefore, enter kindergarten early is unknown. This number will depend upon the number of tests and evaluations conducted by the LEA and the test results.
- The Department of Education estimates that each early entry screening will cost \$8 per child. If five students per LEA receive early entry into kindergarten beginning in FY13-14 and continuing in subsequent years, the annual number of students entering early will be 680 (5×136 LEAs). The annual increase in local expenditures will be \$5,440 ($\8×680).
- The early entry option will decrease the reduction in the number of students in FY13-14 and FY14-15 by 680. The student reduction in FY13-14 will be 5,382 ($6,062 - 680$). The student reduction in FY14-15 will be 2,351 ($3,031 - 680$).
- The one-time decrease in state BEP expenditures in FY14-15 as a result of the reduction in student enrollment in FY13-14 will be \$21,226,608 ($5,382 \times \$3,944$). The one-time decrease in local BEP expenditures in FY14-15 as a result of the reduction in student enrollment in FY13-14 will be \$11,264,526 ($5,382 \times \$2,093$).
- The one-time decrease in state BEP expenditures in FY15-16 as a result of the reduction in student enrollment in FY14-15 will be \$9,272,344 ($2,351 \times \$3,944$). The one-time decrease in local BEP expenditures in FY15-16 as a result of the reduction in student enrollment in FY14-15 will be \$4,920,643 ($2,351 \times \$2,093$).
- The one-time net decrease in local expenditures in FY14-15 will be \$11,259,086 ($\$11,264,526 - \$5,440$).
- The one-time net decrease in local expenditures in FY15-16 will be \$4,915,203 ($\$4,920,643 - \$5,440$).

- After the second year, empty slots created in subsequent years, based on prior year early entries, will be filled by new students entering early; however, there will not be an increase in BEP expenditures for these students since it is assumed here that the ADM slots will be replaced on a one-to-one basis.
- Since the overall number of slots available will not change, there will be no impact on pre-kindergarten funding. Pre-kindergarten is not funded through the BEP.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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